

Message Text

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SUBJ: ESCUDO EXCHANGE RATE MOVEMENTS

REF: LISBON 826

1. THE FOLLOWING TABLE COMPARES ESCUDO BUY RATES FOR CURRENCIES
OF PORTUGAL'S MAJOR TRADING PARTNERS ON JANUARY 30, MARCH 1,
AND MARCH 22, 1978. REFTEL COMPARES EXCHANGE RATE MOVEMENTS
BETWEEN AUGUST 1, 1977 AND JANUARY 30, 1978.

COUNTRY	BUYING RATE (ESCUDO) 1/30/78	BUYING RATE (ESCUDO) 3/1/78	BUYING RATE (ESCUDO) 3/22/78	BUYING RATE (ESCUDO) 1/30 - 3/22/78
UNITED KINGDOM	77.985	77.587	77.494	.63 PERCENT
WEST GERMANY	18.9208	19.9465	19.9881	-5.6 PERCENT
FRANCE	8.4477	8.4594	8.7289	-3.3 PERCENT
UNITED STATES	39.981	39.896	40.805	-2.1 PERCENT
ITALY	0.046053	0.046931	0.047697	-3.6 PERCENT
SPAIN	0.49546	0.49937	0.50962	-2.9 PERCENT
SWITZERLAND	20.2259	22.1763	21.1930	-4.8 PERCENT

2. THE RATES OF DEPRECIATION OF THE ESCUDO (ON AN ANNUAL
BASIS) RELATIVE TO THE CURRENCIES OF WEST GERMANY, FRANCE
AND THE U.S. WERE MORE THAN 50 PERCENT HIGHER DURING THE
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JANUARY 30-MARCH 22 PERIOD THAN THEY WERE DURING THE PREVIOUS
SIX MONTH PERIOD, I.E. AUGUST 1, 1977 TO JANUARY 30, 1978.
DURING THE MORE RECENT PERIOD, THE ESCUDO APPRECIATED
SLIGHTLY ONLY AGAINST THE POUND STERLING.

3. TO GET A BETTER IDEA OF THEIR NET EFFECT, THE EMBASSY
WEIGHTED THE RESPECTIVE ESCUDO MOVEMENTS BY THE TRADE

SHARES OF PORTUGAL'S FOUR MAJOR TRADING PARTNERS (U.K., WEST GERMANY, FRANCE, U.S.). CONSIDERING THESE FOUR AS THE UNIVERSE, TRADE WITH UK WAS WEIGHTED AT 29.5 PERCENT; WITH WEST GERMANY, 27 PERCENT; WITH FRANCE, 21 PERCENT; AND WITH THE U.S. 22.5 PERCENT (SLIGHTLY EXTRA WEIGHT THAN OTHERWISE WARRANTED WAS GIVEN TO THE U.S. DOLLAR ON THE ASSUMPTION THAT THE CURRENCIES OF MANY OF PORTUGAL'S OTHER TRADING PARTNERS TEND TO FOLLOW THE DOLLAR). ON THIS BASIS THE TRADE-WEIGHTED DEPRECIATION OF THE ESCUDO FROM JANUARY 30 TO MARCH 21 WAS APPROXIMATELY 2.5 PERCENT (ON AN ANNUAL BASIS, 17.5 PERCENT).
BLOOMFIELD

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